

ID: CCA_2011051810563141

Number: **201125022**

Release Date: 6/24/2011

Office:

UILC: 7121.06-00

From:

Sent: Wednesday, May 18, 2011 10:56:36 AM

To:

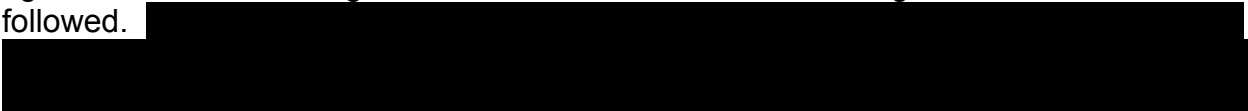
Cc:


Subject: RE: Faxed signature for agreements that will generate refunds

In 2003, as a result of recommendations from an IRS cross-divisional task force that assembled to develop a Servicewide fax policy, the Service issued a policy statement that permitted the Service to receive by fax, consents to assess additional tax of \$25,000 or less, and closing agreements involving tax amounts of \$25,000 or less. The policy statement provides that Taxpayer closing agreements involving tax amounts of \$25,000 or less can be accepted by fax if taxpayer contact has been made and the case history documents the date of contact and the desire of the taxpayer to submit the consent by fax. Consents to assess additional tax (Forms 4549, 870, and others) of \$25,000 or less can be accepted by fax if taxpayer contact has been made and the case history documents the date of contact and the desire of the taxpayer to submit the consent by fax. Closing agreements involving tax amounts over \$25,000 and consents assessing tax amounts in excess of \$25,000 should be secured with original signatures that are delivered in person or by mail.

There no specific guidance regarding TEFRA agreements memorialized on a Form 870-PT, Agreement for Partnership Items & Partnership Level Determinations as to Penalties, Additions to Tax, and Additional Amounts or 870-LT, Agreement for Partnership Items & Partnership Level Determinations as to Penalties, Additions to Tax, and Additional Amounts and Agreement for Affected Items. Arguably, if the refund amount is less than \$25,000, these Forms can be accepted by fax if taxpayer contact has been made and the case history documents the date of contact and the desire of the taxpayer to submit the consent by fax. We understand, however, that your policy is not to accept faxed signatures on TEFRA agreements that will generate refunds.

There is no legal prohibition to the Service accepting faxed signatures from taxpayers regardless of the amount of tax at issue; rather, the policy statement reflects a business decision to accept faxed signatures where less than \$25,000 is at issue because in 2003, the taskforce determined that \$25,000 was an appropriate amount considering the risk of disavowal. The policy statement reflects a business decision, and Counsel cannot change the policy. Until the fax policy regarding closing agreements documenting refunds in excess of \$25,000 is changed, it should be followed.





Please let us know if you have any questions.

ATTACHMENT

June 24, 2003

MEMORANDUM FOR DIVISION COMMISSIONERS
CHIEF, CRIMINAL INVESTIGATION
CHIEF, APPEALS
NATIONAL TAXPAYER ADVOCATE

FROM: Bob Wenzel
Deputy Commissioner for Services and Enforcement

SUBJECT: New Policy for Use of Fax and Signatures Stamps in Taxpayer
Submissions

On Monday, May 12, 2003, the Tax Administration Council (TAC) approved the expanded use of faxes for receiving information and documents from taxpayers and practitioners. These procedural changes were developed by a cross-divisional group led by my staff in response to a request from practitioners. The changes are aimed at reducing taxpayer/practitioner burden as well as reducing the time it takes to resolve taxpayer cases and inquiries. The receipt of faxes should not require any significant changes to how the IRS handles open cases with taxpayers. It was intended as another means to receive case information.

The new fax guidelines (copy attached) can be implemented immediately, where possible, but all divisions should take the necessary steps so that they can accept faxes as described in the policy no later than October 1, 2003.

The TAC also approved the use of signature stamps by practitioners for return submissions. However, the policy for using signature stamps will require a change to published guidance and Chief Counsel estimates this will be completed within the next few months. I will advise you when you can begin accepting practitioner signatures stamps as outlined in the policy.

To ensure effective implementation, I would like each of you to identify the Internal Revenue Manuals assigned to your respective divisions that will need to be revised to incorporate these new procedures, as well as the dates you expect these revisions to

be completed. Please forward this information to the Office of Tax Administration Coordination (Room 7214 Main IRS) no later than July 14, 2003.

If you have any questions, please call me; staff can contact Gary Doniger, Acting Deputy Director Tax Administration Coordination at (202) 927-4800.

[Attachments](#)

cc: Deputy Commissioner for Operations Support
Chief Counsel

Attachment 1

Use of Fax and Signature Stamps for Taxpayer Submissions

Background

The IRS is involved in a significant number of taxpayer contacts to perfect returns during the filing process, to resolve issues identified in post-filing, and to secure delinquent returns. While the primary communication methods for these contacts have traditionally been mail, phone or personal interviews, the IRS is always seeking new ways of communicating with taxpayers that will reduce taxpayer burden and improve organizational efficiency. Based on requests from the National Society of Accountants and other outside stakeholders, as well as an increased use of facsimile equipment in many operations by IRS, a cross-divisional group was assembled to develop a Servicewide policy for the acceptance of faxes and signature stamps in routine tax administration operations.

Recommendations:

The following policies on the acceptance of faxes and signature stamps are recommended for Servicewide adoption.

Faxes - General Guidelines

These general guidelines are applicable to all divisions and cover operations related to income tax, employment tax, excise tax, estate tax, gift tax, and generation skipping tax, as well as tax exempt and employee plans determinations.

- Filing of original tax returns via fax will only be allowed as part of a return perfection process (e.g. securing missing schedule or missing signature) initiated by the IRS or in the post-filing/non-filing activities described in next bullet. Tax returns can be received via fax as part of return perfection even if a taxpayer signature is required since Chief Counsel has advised that in circumstances where contact with the taxpayer has been made and documented, faxed signatures are legally sufficient.

- Submission of documentation, forms, letters, and returns related to post-filing/non-filing inquiries and interactions can be allowed via fax based on taxpayer or IRS request unless there is a specific prohibition. This allowance applies to inquiries and interactions conducted by Field Assistance, Accounts Management, Compliance Services, Field Examination, Field Collection, Determinations Units, Appeals, and the Taxpayer Advocate Service, or related to post-submission inquiries and interactions conducted by Employee Plans or Exempt Organizations in connection with an application for a determination or a request for a ruling. Documentation, forms, letters, and returns can be received via fax in these circumstances even if a taxpayer signature is required since Chief Counsel has advised that in circumstances where contact with the taxpayer has been made and documented, faxed signatures are legally sufficient. In the short term, acceptance of faxes by some locations may be limited by equipment availability. However, all operating divisions should take steps to make whatever changes are needed to provide this option for taxpayers as quickly as possible (e.g. procure equipment, update IRM's).
- The IRS will not acknowledge faxes received from taxpayers in the course of tax administration activities by a return fax. Exceptions can be made in unusual circumstances as determined by IRS management.
- Guidance for some specific forms, documents, and letters can be found in Attachment 1. These items are listed individually based on a request by either outside stakeholders or internal groups. This list does not necessarily include all items that could be received by fax based on the general guidelines.

Signature Stamps – General Guidelines

Return Preparers may sign original returns, amended returns, or requests for filing extensions using a signature stamp to facilitate signing large numbers of returns. Taxpayers, however, must continue to sign their returns with an original signature or other authorized alternative (e.g. PIN).

Preparer/taxpayer signature stamps will **not** be permitted when signing other documents such as elections, applications for change in accounting method, powers-of-attorney, consent forms, revenue agent reports, and other case inquiry/resolution related documents requiring signature.

Attachment 2**Specific Guidance on Use of Faxes in Tax Administration Processes*****Lists not all inclusive***

1. The following specific documents/forms/letters will continue to be accepted by fax in routine operations:
 - EIN Requests (Form SS-4)
 - Power-of-Attorney (Form 2848)
 - Taxpayer Authorization (Form 8821)
 - 1120S Election (Form 2553)
 - Transcript Requests (Form 4506)
 - Request for Public Inspection or Copy of Exempt or Political Organization IRS Form (Form 4506-A)
 - Foreign Certification Requests
 - Appeals Conference Requests
 - Responses/documentation needed to resolve filing or post-filing questions or correspondence.
2. The following specific documents/forms/letters can be accepted by fax if contact has been made with the taxpayer by phone or in-person and the taxpayer history file is documented with the date of contact and notation is made that the taxpayer wishes to send the document/form/letter by fax.
 - Requests for Innocent Spouse Relief (Form 8857)
 - Taxpayer Statement About a Refund (Form 3911)
 - Injured Spouse Claim (Form 8379)
 - Installment Agreements (Form 433-D)
 - Offers in Compromise (Form 656)
 - Collection Information Statement – Wage Earner (Form 433-A)
 - Collection Information Statement – Business (Form 433-B)
 - Early Referral Requests
 - Fast Track Mediation Requests
 - Request for Collection Due Process Hearing (Form 12153)
 - Letter to designate a payment
 - Letter to request non-filing of lien
 - Letter to request lien release
 - Letter to request lien withdrawal
 - Letter to request non-assertion of penalty
 - Letter to provide reasonable cause statement
 - Supporting Statement to Correct Information (Form 941C)
 - Election by a Small Business Corporation (Form 2553)

3. Consents to assess additional tax (Forms 4549, 870, and others) of \$25,000 or less can be accepted by fax if taxpayer contact has been made and the case history documents the date of contact and the desire of the taxpayer to submit the consent by fax. Consents to assess tax in excess of \$25,000 should be secured with original signatures that are delivered in person or by mail.
4. Taxpayer closing agreements involving tax amounts of \$25,000 or less can be accepted by fax if taxpayer contact has been made and the case history documents the date of contact and the desire of the taxpayer to submit the consent by fax. Closing agreements for tax amounts in excess of \$25,000 should be secured with original signatures that are delivered in person or by mail.
5. Employee Plan and Exempt Organization determination letter applications **will not** be accepted via fax.
6. Determination Letter Requests related to income tax, gift tax, estate tax, generation-skipping transfer tax, employment tax and excise tax matters **will not** be accepted via fax.
7. Consents to extend the statute of limitations for assessing tax (Form 872, SS-10, and other consent forms) **will not** be accepted via fax in normal operations.